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News' Australian Story of Ethics and Self-Regulation: A Cautionary Tale

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News' Australian story of ethics and self-regulation: A cautionary tale

Introduction

I know the newsrooms, I know how cultures develop, and I'm hugely confident that there is no improper or unethical behaviour in our newsrooms. (ABC 2011, 14 July).

This is how News Limited Chairman and Chief Executive John Hartigan publicly defended the ethical culture of News' Australian operations in the week following *News of the World's* (NoW) closure. Speaking during an interview on ABC's 7.30 Report, Hartigan continued in his defence of Rupert Murdoch's Australian stable, following shock revelations that NoW had hacked into the phone messages of murdered teenager Milly Dowler:

We're a company of values, like most companies, and we have very *implicit* values, we have things that we think as a company and individually as editors that need to be done We're the only organisation that really takes it up to the Government (ABC 2011, 14 July).

In Australia, News Limited controls about 70 percent of daily newspapers. Therefore the Murdoch media dynasty has a lot to lose in terms of reputation. These reputational risks associated with NoW have emerged at a time when newspaper circulation is declining and advertising revenue is diminishing. The Australian boss has been on the offensive, rejecting claims that the Murdoch's Australian operations have been involved in any comparable wrongdoing. Hartigan has responded overtly to reports connecting the conduct in the United Kingdom with News' behaviour in Australia.

In *A message from John Hartigan (Herald Sun 13 July, 2011)*, the News' CEO described a number of strategies aimed at "constructively" dealing with negative perceptions arising from the NoW scandal. Following the launch of an updated and expanded *Professional Conduct Policy* (2011), Hartigan reassured the public that the "code of editorial conduct is available to all journalists" and News Limited staff (*Herald Sun 13 July, 2011*). He emphasised "the code is given to journalists who are required to read it and abide by it as a condition of their employment". The CEO went on to explain

that the code would be publicly available on each of News' masthead websites and outlined an expanded role for the Australian Press Council. It was also reported that News Limited would undergo an independent review of its financial dealing.

Explicitly, News Limited's Professional Conduct Policy (see News Limited 2011) contains 22 clauses. It emphasises accuracy (clause 1), correcting serious factual errors and a commitment to self-regulation (clause 2). There are two provisions relating to misrepresentation (clause 3): the first bans the use of false names when representing News Limited publication; the second bars the use of deception in trying to obtain information or photographs. In terms of Privacy, the policy specifies (clauses 4.1-4.3):

All individuals, including public figures, have a right to privacy. Journalists have no general right to report the private behaviour of public figures unless public interest issues arise. The right to privacy diminishes when the suitability of public figures to hold office or perform their duties is under scrutiny and such scrutiny is in the public interest.

"Public interest" is defined for this and other clauses as involving a matter capable of affecting the people at large so they might be legitimately interested in, or concerned about, what is going on, or what may happen to them or to others.

The policy is clearly written, easily understood and easily accessible to staff and members of the public. But what are the "implicit values" that underpin the newsroom culture of News Limited's Australian operations? The transcripts and judgment from the legal action brought by sacked *Herald Sun* editor Bruce Guthrie against his former employer News Limited offers insights into these "implicit values", particularly the values of News' executives (see *Guthrie v News Limited* 2010).

Former editor-in-chief of the *Herald Sun* newspaper sued News Limited for wrongful termination of his employment. Judgment was handed down by the Supreme Court of Victoria on 14 May, 2010,

determining News had wrongfully terminated the employment contract. Guthrie was awarded \$580,000 in damages. In handing down his decision, Justice Kaye made determinations about the character and quality of sworn testimony of senior editorial News Limited executives; namely chairman and CEO John Hartigan; managing director of the Herald and Weekly Times Peter Blunden and his predecessor, the former managing director of the Herald and Weekly Times Julian Clarke as well as sacked *Herald Sun* editor in chief Bruce Guthrie.

The evidence emerging during the hearing paints a picture of an uneasy managerial culture within News Limited characterised by a high level of managerial arrogance and egoism; unclear and often conflicting values whereby the top executives invoke the rhetoric of journalistic quality to justify their decisions and their “recollection” tends to rationalise action after the event rather than reflect on action. Furthermore, the evidence reveals a tendency within the executive culture to blame others for mistakes. This is the leadership that shapes the ethical culture Hartigan so ardently defended in the week following *News of the World's* closure. News is a company of “values”, he claimed. Through an analysis of the evidence of News Limited leading executives, the following discussion distils the implicit values underpinning News Limited’s executive culture, revealing an internal spin attached to the News Limited Australian story about journalism ethics and self-regulation.

The Australian response: a story of ethics

When News International boss Rupert Murdoch fronted a committee of MPs over the phone hacking scandal, he stated emphatically:

“I do not accept ultimate responsibility. I hold responsible the people that I trusted to run it and the people they trusted”.

This denial of executive responsibility characterises News’ responses to internal crises. Both Hartigan and Murdoch deny any executive wrongdoing and knowledge of wrongdoing in relation to the phone-hacking affair. The strategy of denial is accompanied by an attribution of blame (usually singling out a limited number of rogue personnel who have been dealt with or are being dealt with).

They go on to outline positive actions being undertaken to address the problem, which is accompanied by a public reassurance that the problem has been quarantined. A similar pattern (see Table 1) of executive responses was adopted by the News executive during the Guthrie litigation and when reports emerged of salary cap breaches within the Melbourne Storm NRL club (which is a wholly owned subsidiary of News Limited).

Insert Table 1: Crisis responses by News

This suggests the ‘spin’ begins early in the crisis, with News going on the offensive and using the media (its own and its competitors) to form a protective cacoon around the News executive. ‘Ethics’, ‘quality’ and ‘values’ are important rhetorical tools in News’ communication strategies.

The transcripts and judgement in the *Guthrie case* offer some insights into how News’ executives invoke concepts like “ethics” and “quality” to justify their actions. At one point during the Guthrie hearing, Blunden declared:

“I thought the paper had lost its news edge, I thought we were no longer creating – setting the agenda for news in Melbourne, the paper wasn’t being talked about and I thought that there was a dramatic emphasis on feature sections of the paper as opposed to what I believed were the key driving forces, namely the first 15 pages of news” (Transcript 2010, 411)

Here, Blunden is justifying Guthrie’s dismissal on the grounds of failing to deliver quality news. However, after extensive cross examination Blunden contradicted this statement. Ultimately, he admitted failure to push promotions was the main reason for terminating Guthrie’s employment (Transcript 2010, p 463-4). Guthrie’s failure to properly oversee the promotions for the newspaper was “the final straw” for Hartigan, Blunden explained. He then recounted how he reported to the

CEO that Guthrie “wasn’t speaking to the marketing department, wasn’t speaking to the circulation department, and John said, ‘Well, that’s, that’s just about it’ ”.

The testimony reveals newspaper promotions are highly valued within News’ executive culture. Promotions and giveaways need to be editorially supported by the editor-in-chief (Transcript, 429). Extensive evidence was given of the need for giveaway campaigns to be accompanied by editorial coverage within the news section (Transcript, 431; 463-4). These actions contrast with the News Limited Professional Conduct Policy (clause 19), which specifies that ‘editorial material created as a condition of placing an advertisement (i.e. for favourable consideration) must carry a clear label at the top of the page, or directly above an isolated item: “advertisement”, “advertorial” or “advertising feature”.’

Evidence emerged of the senior executive accepting free trips and benefits. In some situations these “freebies” were condoned, whilst in others they were not; sending mixed messages on what constitutes a conflict of interest. For example, the Melbourne Storm rugby league team offered to pay for a *Herald Sun* photographer to travel with them to England to cover a World Cup championship match. Blunden “couldn’t see an issue with this” as “it was pretty standard practice for this sort of thing to happen in sports around the company”. At the same time, (p. 417), Blunden was critical of sacked editor Guthrie who was planning to accept a free trip paid for by the National Australia Bank to a pre-season football match in Dubai. Later under cross-examination (Transcript, 484), Blunden admitted he went on the trip to England that was paid for by Melbourne Storm.

Furthermore, the evidence elicited during the trial depicts a managerial culture that is highly competitive and somewhat ruthless (Transcript, 421, 431, 416, 500-1). Throughout the trial evidence emerged of immature, mate-ish and ego-driven conduct of senior executives. Interactions between management were cloaked in apparent friendliness and bonhomie, but this cloaked covert or even overt hostility. The Guthrie case reveals a closed, club-like executive culture, which will resort to

underhand tactics and selective use of the truth. Justice Kaye was scathing in his judgement of Peter Blunden, stating “overall, he did not present as a witness who was confident in his testimony” (Guthrie v News Limited 2010, par 142). The judge detected in Blunden’s evidence, “a tendency to exaggerate the flaws” (par 143), observing:

- Blunden complained about Guthrie’s deceptive circulation news article but did little to correct it;
- Blunden overstated problems he perceived in Guthrie’s performance;
- Blunden was defensive and elusive about the extent to which he undermined Guthrie, within HWT, with senior management in News Limited and among Melbourne power-brokers;
- Blunden tended to rationalise his actions rather than recollect them;
- Of the sacked Bruce Guthrie, he concluded was a credible witness but that “he tended to understate the seriousness of some of the differences which he had with Mr Blunden” (par 92).

Of John Hartigan, the judge observed his “actual recollection of the particular events and conversations...was not as **reliable**, or indeed as strong, as Mr Hartigan made it appear”

I am concerned that notwithstanding the nature of his memory, he was prepared to give his evidence without any qualification (par 108).

These are the same executives who are calling on the public to trust News because of its “values”, commitment to ethics and quality journalism.

Concluding comments

This brief discussion has offered some small insights into the executive culture of News Limited drawn from the sworn testimony of the executives themselves. The picture that emerges is a leadership of conflicting values: News’ explicit values are not mirrored in the executive actions of

News executives. Due to limited space, we cannot outline all the evidence on which we base our observations. But the case study of *Guthrie v News Limited* sends a cautionary tale to News Limited in the campaign to defend its reputation in the wake of the NoW crisis. It is not enough to dust off and amend the Professional Conduct Policy and call in the Australian Press Council or some other independent arbiter to review the company's financial details. To restore public trust, News must seriously transform its executive culture to be more reflective and consistent in its leadership practices.

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Transcript of proceedings, *Guthrie v News Limited*

Table 1:

	NoW UK	NoW Australia	Guthrie v News	NRL
Denying executive wrongdoing	Denial of knowledge NoW editor Andy Coulson has denied any knowledge that phone hacking was taking place at the News of the World	"I know the newsrooms, I know how cultures develop, and I'm hugely confident that there is no improper or unethical behaviour in our newsrooms" ABC	Bruce Guthrie failed to perform as an editor	News expresses shock at salary cap breaches
	News International has consistently claimed that the phone hacking was confined to a single rogue reporter.	"We're a company of values"	Guthrie was a difficult person	Links to official AFL press conference
Attributing blame	News journalist Clive Goodman.	NoW was the problem.	Guthrie failed to deliver	Former Melbourne Storm CEO Brian Waldron the "chief rat"
	Private Investigator Glenn Mulcaire			
Action	Sacking of Goodman & Mulcaire. Independent inquiries.	Working with APC	Guthrie sacked	Independent inquiry (see below)
Quarantining problem	"What we were able to do is really put this problem into a box."		Guthrie's sacking solved the problem.	"We'll go forward, we've got an inquiry in place which we have a lot of trust in...We'll root out the bad eggs and we'll go from there"